



HR1076

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HOUSE RESOLUTION

2 WHEREAS, Insurance protects the United States economy from
3 the adverse effects of the risks inherent in economic growth
4 and development while also providing the resources necessary to
5 rebuild physical and economic infrastructure, offer
6 indemnification for business disruption, and provide coverage
7 for medical and liability costs from injuries and loss of life
8 in the event of catastrophic losses to persons or property; and

9 WHEREAS, The terrorist attack of September 11, 2001
10 produced insured losses larger than any natural or man-made
11 event in history; claims paid by insurers to their
12 policyholders eventually totaled some \$32.5 billion, making
13 this the second most costly insurance event in United States
14 history; and

15 WHEREAS, The sheer enormity of the terrorist-induced loss,
16 combined with the possibility of future attacks, produced
17 financial shockwaves that shook insurance markets, causing
18 insurers and reinsurers to exclude coverage arising from acts
19 of terrorism from virtually all commercial property and
20 liability policies; and

21 WHEREAS, The lack of terrorism risk insurance contributed
22 to a paralysis in the economy, especially in construction,

1 tourism, business travel, and real estate finance; and

2 WHEREAS, The United States Congress originally passed the
3 Terrorism Risk Insurance Act of 2002, Pub. L. 107-297 (TRIA),
4 in which the federal government agreed to provide terrorism
5 reinsurance to insurers and reauthorized this arrangement via
6 the Terrorism Risk Insurance Extension Act of 2005, Pub. L.
7 109-144, and the Terrorism Risk Insurance Program
8 Reauthorization Act of 2007, Pub. L. 110-160 (TRIPRA); and

9 WHEREAS, Under TRIPRA, the federal government provides
10 such reinsurance after industry-wide losses attributable to
11 annual certified terrorism events exceed \$100 million; and

12 WHEREAS, Coverage under TRIPRA is provided to an individual
13 insurer after the insurer has incurred losses related to
14 terrorism equal to 20% of the insurer's previous year earned
15 premium for property-casualty lines; and

16 WHEREAS, After an individual insurer has reached such a
17 threshold, the insurer pays 15% of residual losses and the
18 federal government pays the remaining 85%; and

19 WHEREAS, The Terrorism Risk Insurance Program has an annual
20 cap of \$100 billion of aggregate insured losses, beyond which
21 the federal program does not provide coverage; and

1 WHEREAS, TRIPRA requires the federal government to recoup
2 100% of the benefits provided under the program via policy
3 holder surcharges to the extent the aggregate insured losses
4 are less than \$27.5 billion and enables the government to
5 recoup expenditures beyond that mandatory recoupment amount;
6 and

7 WHEREAS, Without question, TRIA and its successors are the
8 principal reason for the continued stability in the insurance
9 and reinsurance market for terrorism insurance to the benefit
10 of our overall economy; and

11 WHEREAS, The presence of a robust private/public
12 partnership has provided stability and predictability and has
13 allowed insurers to actively participate in the market in a
14 meaningful way; and

15 WHEREAS, Without a program such as TRIPRA, many citizens
16 who want and need terrorism coverage to operate their
17 businesses all across the nation would be either unable to get
18 insurance or unable to afford the limited coverage that would
19 be available; and

20 WHEREAS, Without federally provided reinsurance, property
21 and casualty insurers will face less availability of terrorism

1 reinsurance and will therefore be severely restricted in their
2 ability to provide sufficient coverage for acts of terrorism to
3 support our economy; and

4 WHEREAS, Unfortunately, despite the hard work and
5 dedication of this nation's counterterrorism agencies and the
6 bravery of the men and women in uniform who fought and continue
7 to fight battles abroad to keep us safe here at home, the
8 threat from terrorist attacks in the United States is both real
9 and substantial and will remain as such for the foreseeable
10 future; therefore, be it

11 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
12 NINETY-EIGHTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that
13 we urge Congress and the President of the United States to
14 reauthorize the Terrorism Risk Insurance Program; and be it
15 further

16 RESOLVED, That suitable copies of this resolution be
17 delivered to the President of the United States, the Speaker
18 and Clerk of the United States House of Representatives, the
19 President Pro Tempore and the Secretary of the United States
20 Senate, and the members of the Illinois congressional
21 delegation.